

Message Text

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12

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 SS-20 NSC-10 PA-04 PRS-01 USIA-15

DRC-01 AID-20 CIAE-00 FRB-02 INR-10 NSAE-00 RSC-01

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OMB-01 /153 W

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R 080930Z NOV 73

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 3734

USDOC WASHDC

EXIM BANK WASHDC

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E.O. 11652: N/A

TAGS: ETRD EIND UR

SUBJ: US MACHINE TOOL FIRM CONCLUDES \$7.4 MILLION CONTRACT
WITH STANKOIMPORT

1. EMBASSY WAS ADVISED NOVEMBER 6 OF CONCLUSION OF
CONTRACT BETWEEN GIDDINGS AND LEWIS MACHINE TOOL CORPORATION,
FOND DU LAC, WISCONSIN AND SOVIET FOREIGN TRADE ORGANIZATION
STANKOIMPORT FOR DELIVERY OF COMPLETE FLYWHEEL MANUFACTURING
SYSTEM. MACHINERY AND EQUIPMENT VALUED AT US DOLLARS 7,354,000
AND WILL BE INSTALLED AT NEW AUTOMOBILE PLANT BEING CONSTRUCTED
AT UFA, BASHKIR ASSR.

2. GIDDINGS AND LEWIS EXECUTIVES W. M. RITTER, VICE PRESIDENT
INTERNATIONAL SALES AND ROBERT J. FIBIKAR, VICE PRESIDENT,
MARKETING, HAVE STRESSED THAT FULFILLMENT OF CONTRACT WILL
DEPEND UPON EXIM BANK FINANCING. STANKOIMPORT APPLIED FOR
PRELIMINARY COMMITMENT FROM EXIM BANK ON OCTOBER 17. PRIOR
TO COMING TO MOSCOW, RITTER AND FIBIKAR TELL US THEY
DISCUSSED PROPOSAL DEAL WITH EXIM OFFICIALS IN WASHINGTON.
THEY WERE TOLD POSSIBILITIES FOR CREDIT FAVORABLE.

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3. TERMS OF CONTRACT CALL FOR STANDARD EXIM FINANCING WITH FIRST DELIVERY BEGINNING 15 MONTHS FROM DATE OF SIGNATURE OF CONTRACT (NOV. 5, 1973). STANKOIMPORT TO MAKE TEN PER CENT CASH DOWN PAYMENT PRIOR TO FIRST DELIVERY.

4. RITTER AND FIBIKAR REGARD SALE AS IMPORTANT BREAK CLIMAXING ATTEMPTS TO SELL SIMILAR EQUIPMENT TO USSR OVER PAST FIVE YEARS. TWO PREVIOUS EFFORTS INVOLVING POSSIBLE CONTRACTS FOR A GAZ TRUCK PLANT AND FOR KAMA RIVER PROJECT WERE LOST AT LAST MINUTE TO ITALIAN COMPETITION. IN BOTH CASES, RITTER AND FIBIKAR BELIEVE SOVIETS WOULD HAVE PREFERRED TO BUY US EQUIPMENT BUT ITALIAN CREDIT TERMS PLUS "POLITICAL FACTORS" EDGED GIDDINGS AND LEWIS OUT OF RUNNING. EQUIPMENT FOR UFA PLANT, A BRANCH OF VOLGA FACTORY AT TOGLIATTI, WHICH WILL REPORTEDLY SPECIALIZE IN MANUFACTURE OF MOTORS AND TRANSMISSIONS, IS COMPLETELY AUTOMATIC AND REQUIRES ONLY TEN MEN TO OPERATE. NEGOTIATIONS FOR AGREEMENT BEGAN IN JUNE 1973.

5. ACTION REQUESTED: EMBASSY WOULD APPRECIATE EARLIEST POSSIBLE NOTIFICATION OF EXIM ACTION ON STANKOIMPORT FINANCING REQUEST.
DUBS

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Disposition Case Number: n/a
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